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18 March 1958

THRU : Chief, Industrial Division, ORR
Chief, Military Economics Branch, D/I

Request for Information from US Embassy, Warsaw

REF : US Embassy, Warsaw, Foreign Service Despatch 295, Weekly Economic Report No. 4 (Jan 21-27), 28 Jan 58, Limited Official Use

1. In comment, on page 2 of the referenced despatch, it was stated that the explicit budgetary allocation for the Polish military establishment must fall short of covering total expenditures for their armed forces. It was suggested that this explicit allocation may be for "housekeeping" expenses and that the allocation to the national economy includes outlays for military production and associated activities.

2. It would be appreciated if the basis for this comment could be made available to us in as much detail as possible. We are interested in both aspects of the problem: that is, any evidence that the explicit military allocation is a "housekeeping" budget and the availability of funds from other budgetary accounts (or other sources) that are used for military purposes and activities. With regard to the latter, the comment in the referenced despatch referred to these other funds being "earmarked for military production and closely associated expenses." Does this statement mean to suggest that procurement funds for military hardware are so located or rather that these other funds are for such purposes as investment in the industries producing armaments?

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